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GRAVITY DRAINAGE DISTRICT NO. 5  
OF CAMERON PARISH  
GRAND CHENIER, LOUISIANA

ANNUAL FINANCIAL STATEMENTS AND  
ACCOUNTANTS' COMPILATION REPORT

Year Ended December 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/16/08

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## GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH

### Management's Discussion and Analysis

Within this section of the Gravity Drainage District No. 5 of Cameron Parish's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2007. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### Financial Highlights

- The District's assets exceeded its liabilities by \$636,835 (net assets) for the fiscal year reported.
- Total revenues of \$178,304 were exceeded total expenditures of \$365,920, which resulted in a current year deficit of \$187,616. This is comparable to last year, when revenues exceeded expenditures by \$101,015.
- Total net assets are unrestricted.
- At the end of the current fiscal year, unreserved net assets were 175% of total expenditures and 357% of total revenues.
- Overall, the District continues to maintain a strong financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

### Overview of the Financial Statements

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include the financial statements and notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data for the prior year is presented.

### Government-Wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

## GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH

### Management's Discussion and Analysis (Continued)

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base, or the condition of District infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by property taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include principally general government and maintenance.

The government-wide financial statements are presented on pages 9 and 10 of this report.

### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The District has one kind of fund:

*Governmental funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

## GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH

### Management's Discussion and Analysis (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 12 through 15 of this report.

### Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 16 of this report.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund. These statements and schedules demonstrate compliance with the District's adopted and final revised budget. Required supplemental information can be found on page 23 of this report.

### Financial Analysis of the District as a Whole

The District's net assets at fiscal year-end are \$636,835. The following table provides a summary of the District's net assets:

	<u>2007</u>	<u>2006</u>
Assets:		
Current assets	\$ 829,147	\$ 831,801
Liabilities:		
Current liabilities	<u>192,312</u>	<u>7,350</u>
Net assets:		
Unrestricted	<u>\$ 636,835</u>	<u>\$ 824,451</u>

The District reported positive balances in net assets, which decreased by \$187,616. The District's overall financial position regressed during the fiscal year 2007.

## GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH

### Management's Discussion and Analysis (Continued)

The following table provides a summary of the District's changes in net assets:

	<u>2007</u>	<u>2006</u>
Revenues	\$ 178,304	\$ 156,828
Expenses		
Maintenance	353,551	51,217
Administration	<u>12,369</u>	<u>4,596</u>
Total Expenses	<u>365,920</u>	<u>55,813</u>
Change in Net Assets	(187,616)	101,015
Beginning Net Assets	<u>824,451</u>	<u>723,436</u>
Ending Net Assets	<u>\$ 636,835</u>	<u>\$ 824,451</u>

#### **Governmental Revenues**

The District is heavily reliant on property taxes to support governmental operations. Property taxes provided 81% (88% for 2006) of the District's total revenues. As a result, the general economy and the local businesses have a major impact on the District's revenue streams.

#### **Budgetary Highlights**

The General Fund – When the original budget was adopted, it was anticipated that the total revenues and expenditures were going to be comparable to the previous fiscal year. The budget was not amended during the year.

#### **Capital Assets and Debt Administration**

The District has no capital assets or debt

#### **Economic Conditions Affecting the District**

Since the primary revenue stream for the District is property taxes, the District's property tax revenues are subject to changes in the economy.

#### **Contacting the District's Financial Management**

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the District's office, Mr. Darrell Williams, Secretary at (337) 477-8655.



**GRAGSON, CASIDAY & GUILLORY, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.  
RICHARD W. CASIDAY, C.P.A.  
RAYMOND GUILLORY, JR., C.P.A.  
GRAHAM A. PORTUS, E.A.  
COY T. VINCENT, C.P.A.  
MICHELLE LEE, C.P.A.  
BRADLEY J. CASIDAY, C.P.A., C.V.A.  
JULIA W. PORTUS, C.P.A.

June 16, 2008

Board of Commissioners  
Gravity Drainage District No. 5 of Cameron Parish  
Grand Chenier, Louisiana

We have compiled the accompanying financial statements, and the accompanying required supplemental information which is presented only for supplementary analysis purposes, of the Gravity Drainage District No. 5 of Cameron Parish, a component unit of the Cameron Parish Policy Jury, as of December 31, 2007 and for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

*Gragson, Casiday & Guillory*

## GOVERNMENT-WIDE FINANCIAL STATEMENTS



GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Statement of Net Assets

December 31, 2007

ASSETS	
Cash	\$ 682,139
Receivables	
Ad valorem taxes	<u>147,008</u>
TOTAL ASSETS	<u>829,147</u>
LIABILITIES	<u>192,312</u>
NET ASSETS	
Unrestricted	<u>\$ 636,835</u>

The accompanying notes and accountants' report are an integral part of these financial statements.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Statement of Activities

Year Ended December 31, 2007

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for</u> <u>Services</u>	<u>Net Revenues (Expenses) and</u> <u>Changes in Net Assets</u> <u>Governmental</u> <u>Activities</u>
Governmental Activities:			
General government	\$ 12,369	\$ -	\$ (12,369)
Drainage work	<u>353,551</u>	<u>-</u>	<u>(353,551)</u>
Total governmental activities	<u>\$ 365,920</u>	<u>\$ -</u>	<u>(365,920)</u>
General Revenues:			
Property taxes, net			145,041
Interest			<u>33,263</u>
Total general revenues			<u>178,304</u>
Change in net assets			<u>(187,616)</u>
Net assets, beginning			<u>824,451</u>
Net assets, ending			<u>\$ 636,835</u>

The accompanying notes and accountants' report are an integral part of these financial statements.

## FUND FINANCIAL STATEMENTS

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Balance Sheet – Governmental Fund

December 31, 2007

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 682,139	\$ 701,607
Receivables – ad valorem taxes	<u>147,008</u>	<u>130,194</u>
TOTAL ASSETS	<u>\$ 829,147</u>	<u>\$ 831,801</u>
 LIABILITIES AND FUND EQUITY		
Liabilities – accounts payable	\$ 192,312	\$ 7,350
Fund Equity		
Fund balance – unreserved and undesignated	<u>636,835</u>	<u>824,451</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 829,147</u>	<u>\$ 831,801</u>

The accompanying notes and accountants' report are an integral part of these financial statements.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Reconciliation of the Balance Sheet - Governmental Fund to the  
Statement of Net Assets

December 31, 2007

Total fund balance for governmental fund at December 31, 2007:	\$ 636,835
Total net assets reported for governmental activities in the statement of net assets different from the balance sheet:	<u>          -</u>
Total net assets of governmental activities at December 31, 2007	<u>\$ 636,835</u>

The accompanying notes and accountants' report are an integral part of these financial statements.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Statement of Revenues, Expenditures and  
Changes in Fund Balance - Governmental Fund

Year Ended December 31, 2007

	<u>2007</u>	<u>2006</u>
REVENUES		
Ad valorem taxes (net)	\$ 145,041	\$ 137,549
Interest	<u>33,263</u>	<u>19,279</u>
TOTAL REVENUES	178,304	156,828
EXPENDITURES		
General Government		
Advertising	732	-
Bank charges	175	226
Election expense	3,277	-
Insurance	2,185	100
Maintenance	353,551	51,287
Professional fees	6,000	4,200
Capital outlay	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>365,920</u>	<u>55,813</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(187,616)	101,015
FUND BALANCE – BEGINNING	<u>824,451</u>	<u>723,436</u>
FUND BALANCE – ENDING	<u>\$ 636,835</u>	<u>\$ 824,451</u>

The accompanying notes and accountants' report are an integral part of these financial statements.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balance-Governmental Fund to the Statement of Activities

Year Ended December 31, 2007

Total net changes in fund balances at December 31, 2007 per Statement  
of Revenues, Expenditures and Changes in Fund Balances \$ (187,616)

The change in net assets reported for governmental activities in the  
statement of activities different from the statement of revenues,  
expenditures and changes in fund balance \_\_\_\_\_ -

Total changes in net assets at December 31, 2007 per Statement of  
Activities \$ (187,616)

The accompanying notes and accountants' report are an integral part of these financial  
statements.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Notes to Financial Statements  
December 31, 2007

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Gravity Drainage District No. 5 of Cameron Parish was created on September 9, 1962, as a political subdivision of the State of Louisiana under the provisions of Louisiana Revised Statutes 38:1751-1802, and was established for the purpose of opening and maintaining all natural drains in the District where drainage is accomplished using the natural force of gravity. The District is governed by a board of 5 commissioners who are appointed by the Cameron Parish Police Jury. The commissioners do not receive compensation for serving on the board.

**1. Reporting Entity**

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Gravity Drainage District No. 5 of Cameron Parish includes all funds, account groups, et cetera, that are within the oversight responsibility of the Gravity District No. 5 of Cameron Parish.

As the governing authority, for reporting purposes, the Cameron Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Cameron Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.



GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Notes to Financial Statements  
December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
  - a. The ability of the Cameron Parish Police Jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Cameron Parish Police Jury.
2. Organizations for which the Cameron Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Cameron Parish Police Jury.
3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature of significance of the relationship.

Based upon the application of these criteria, Gravity Drainage District No. 5 of Cameron Parish is a component unit of the Cameron Parish Police Jury's reporting entity.

2. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the District as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Notes to Financial Statements  
December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Program revenues include (a) fees and charges paid by the recipients of services offered by the District; and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements**

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

The District has one fund, the General Fund, which is therefore considered its major fund.

**3. Measurement Focus/Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide statement of net assets and the statement of activities, the activities are presented using the economic resources measurement focus. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Notes to Financial Statements  
December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Accounting

In the government-wide statement of net assets and statement of activities, the activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

*Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.*

4. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At December 31, 2007, the District had \$686,371 in deposits (collected bank balances), of which all was secured from risk by federal deposit insurance and pledged securities.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Notes to Financial Statements  
December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Budgets

A budget is adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations at the activity level.

6. Equity Classification

In the government-wide statements, equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

7. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Notes to Financial Statements  
December 31, 2007

NOTE B – AD VALOREM TAXES

For the year ended December 31, 2007, taxes were levied on taxable assessed valuations of \$27,461,988 at a millage of 5.53.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15<sup>th</sup> of the current year, and become delinquent after December 31<sup>st</sup>. Property taxes not paid by the end of February are subject to lien.

NOTE C – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**REQUIRED SUPPLEMENTAL INFORMATION**

GRAVITY DRAINAGE NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Ad valorem taxes (net)	\$ 116,240	\$ 145,041	\$ 28,801
Interest	<u>3,500</u>	<u>33,263</u>	<u>29,763</u>
TOTAL REVENUES	119,740	178,304	58,564
EXPENDITURES			
General Government			
Advertising	500	732	(232)
Bank charges	180	175	5
Insurance	2,500	2,185	315
Maintenance	90,650	353,551	(262,901)
Professional fees	4,200	6,000	(1,800)
Election expense	-	3,277	(3,277)
Capital outlay	<u>200,000</u>	<u>-</u>	<u>200,000</u>
TOTAL EXPENDITURES	<u>298,030</u>	<u>365,920</u>	<u>(67,890)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(178,290)	(187,616)	(9,326)
FUND BALANCE – BEGINNING	<u>824,451</u>	<u>824,451</u>	<u>-</u>
FUND BALANCE – ENDING	<u>\$ 646,161</u>	<u>\$ 636,835</u>	<u>\$ (9,326)</u>

See accountants' report.